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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Joint Inspection Unit entitled "A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs" (JIU/REP/93/4).

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ANNEX

JIU/REP/93/4
Geneva, August 1993

A REVIEW OF THE SPECIFIC DEVELOPMENT NEEDS OF SMALL MEMBER STATES AND THE RESPONSIVENESS OF THE UNITED NATIONS DEVELOPMENT SYSTEM TO THESE NEEDS

Prepared by

F. Bouayad-Agha
H. L. Hernandez
Joint Inspection Unit

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EXECUTIVE SUMMARY

The number of Member States with relatively low levels of population has been increasing since the United Nations was set up. Now, almost one fifth of all Members have populations of less than a million, and another quarter have populations of between one and five million. The majority are developing countries and receive development assistance from the United Nations development System.

It is generally agreed that, in the context of country size, "small" is a comparative rather than an absolute concept and that classification by size involves fairly arbitrary divisions. Hence no attempt is made in this study to define small States. As a background to the discussion of the issues, selected basic data are presented in Section III on the sixty one developing Member States with populations of less than four million. These show that countries with small populations tend to vary greatly as regards levels of GNP per capita, economic growth rates and indicators of "human development". Low population countries cannot be characterized as particularly low income, even though almost one-third are in the "Least developed" group.

There are certain features, however, that are common to most small developing countries and which tend to define the development problems facing such countries. These are discussed in Section IV. The Report suggests that the disadvantages associated with small size centre on diseconomies of scale over a wide range of economic activities and on their vulnerability to external influences, but concludes that although these disadvantages impede the development efforts of small States, their development needs are basically the same as those of other developing countries.

The United Nations does not distinguish small States as a separate category and provides development assistance to them on the same basis as for larger countries. A considerable number of the smaller countries, however, are classified as "Least developed" and thus receive preferential treatment in the allocation of indicative planning figures. Others are small island developing countries, a group which has also received special attention from the United Nations development System.

The figures shown in Section V indicate that small countries in general are quite well served in terms of per capita indicative planning figures. The Report makes a number of recommendations for enhancing the effectiveness of United Nations development assistance to small countries. None of these recommendations involves major changes in programmes or United Nations procedures. But the Inspectors believe that, if implemented, these recommendations could make a useful contribution to strengthening assistance to small countries at a time when the international economic environment looks likely to be difficult for such States.

RECOMMENDATIONS

Recommendation One: The legislative bodies of the United Nations systems organizations should give greater weight to "smallness" in the allocation of development assistance, whenever this factor accentuates the difficulties of economic and social development, most notably in terms of diseconomies of scale and vulnerability to external influences.

The United Nations development system should show greater flexibility in response to the specific needs of individual small States and more willingness to prioritize areas of greatest immediate need.

Recommendation Two: United Nations agencies should give priority to assisting Small States to improve their capacity to monitor and assess key aspects of environmental issues, especially where these interact with economic development policies. Assistance should be given within a framework of better coordinated environmental programmes, with emphasis on regional approaches where feasible. (See Recommendation Three).

Recommendation Three: United Nations agencies should encourage Small States to adopt regional approaches wherever these offer possibilities of exploiting scale economies and strengthening their position in the international economy. Assistance in this field should be carefully evaluated to ensure that inputs are justified in terms of outputs. Priority should be accorded to human resource development, environmental activities, reducing the administrative constraints imposed by small size, and to areas where there is a clear commitment on the part of the respective governments.

Recommendation Four: United Nations agencies should assist in creating and strengthening economic and social Research Institutes in small countries, with a view to enhancing the national capacity to carry out research on issues of immediate relevance to the country in question, to strengthening smaller States' positions in international negotiations and vis-à-vis donor agencies, and acting as a point of attraction for well-qualified nationals working abroad.

United Nations agencies should, as a first step, carry out pilot studies in a few countries, in different regions of the world, to ascertain the most cost-effective method of providing assistance in this field.

Recommendation Five: The United Nations system should provide particular assistance when requested by small states, in view of the vulnerability of this States to political and economic destabilization due in part to external interference in their internal affairs and the direct consequences of these factors on their development. The Secretary-General may deem it necessary to explore specific preventive measures aimed at strengthening, where necessary, the elements of the stability and security of small States in accordance with General Assembly resolution 44/51 and the principles of the UN Charter.[1]

Recommendation Six: The UNDP and the specialized agencies should invite the Consultative Committee on Programme and Operational Questions (CCPOQ) to examine the possibilities of standardising area responsibilities in those regions where UNDP and specialized agency Representatives are responsible for more than one country.

Recommendation Seven: The UNDP and the specialized agencies should accord the Non-Self-Governing Territories which have indicative planning figures the same treatment from the United Nations development system as Member States and make every effort to ensure that they are visited periodically by United Nations development assistance missions.

Recommendation Eight: The UNDP, in conjunction with UNCTAD and in cooperation with the relevant specialized agencies and the Regional Economic Commissions, should establish pilot studies in a few small States to identify who are the potential users of UN generated information relevant to the development needs of small States, the type of information that would be of greatest value to these users, and the most cost-effective method of disseminating this information to these users. In this connection, consideration should be given to the possibilities of utilizing the proposed Research Institutes (see Recommendation 4) as centres for storing and disseminating information in small countries.

The Governing Council might wish to request the Secretariat to keep the Council informed on the progress of these pilot studies.

Recommendation Nine: The UNDP and the specialized agencies with offices in small countries should examine the possibilities of greater sharing of databases. As a first step, UNDP Resident Representatives should be asked to report on the current situation in their respective countries or area responsibilities, and on the possibilities of sharing databases. The interest in, and possibilities of, providing access to the databases to key government offices should also be explored in conjunction with Recommendation Eight.

I. INTRODUCTION*

1. By 1 August 1992, almost one fifth of all Member States of the United Nations had populations of less than one million, and a further quarter had populations of between one and five million. The number of States with relatively low levels of population has risen throughout the United Nations' history. Given the current tendency for some States to fragment, this trend could well continue. Moreover, the great majority of the smaller States are developing countries, although the diversity of per capita income and development levels among them is very considerable.

2. Despite their numerical importance, the economic and social problems of small countries as a distinct group have not been a matter of special concern in the United Nations, though some of these problems have been addressed within the framework of activities related to the "Least developed", "Land-locked" and the "Island developing countries" categories. The United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Food and Agriculture Organization (FAO) are apparently the only United Nations specialized agencies which have addressed small countries as a separate group.

3. The subject under examination in the present report, however, is the development needs of small Member States. The report first considers briefly the concept of "Small States" and presents some basic data on these countries, indicating the range and diversity of their levels of economic and social development. The characteristics that distinguish small from larger economies, and the specific development needs of the former, are then examined. On the basis of this assessment and a review of the responsiveness of the United Nations development system to these needs, a number of recommendations are made aimed at enhancing the effectiveness of the United Nations' assistance to small States.

4. The diversity in the levels of economic development and performance of small Member States has presented certain difficulties in the preparation of this report. Because of the dispersion of these States around the globe, and the constraints on the JIU's time and resources, the report has necessarily had to be based on a limited sample of countries. To some extent each small country is a special case, with certain country-specific characteristics, problems and development possibilities. The Inspectors are well aware of the dangers of generalising in such a situation and have made every effort to take into account all aspects of each issue under consideration.

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*Note: The preparation of this report was initiated by a former member of the Joint Inspection Unit, Mr. A. Gourdon, who was not able to complete it before the end of his mandate on 31 December 1990. Thus, it remained in abeyance until the Unit decided to include the subject in its work programme for the current year.

Given the lapse of time and the socio-economic changes that have taken place since then, the study has had to be completely revamped. Therefore, the current study, while drawing much from the initial research, necessitated additional field missions and consultations with a number of UN Agencies concerned with the development problems of small States.

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5. As indicated in the title, the focus of the report is Member States. The United Nations Development Programme and some of the specialized agencies also provide development assistance to certain Non-Self-Governing Territories. Although not Members of the United Nations, these territories are faced with the same problems of economic development as small Member States and some reference is therefore made to this assistance is the report.[2]

II. CONCEPT OF A SMALL DEVELOPING STATE

6. Various criteria are used in defining the size of an economy.[3] The three most widely employed are population, physical area and size of the economy. However, there is no generally accepted definition of "smallness" and the criterion, or combination of criteria, chosen depends largely on the purpose for which the definition is to be used.

7. In considering country size in connection with economic development, population would seem to be the most relevant variable since population levels determine many of the basic characteristics of a national economy. Physical area usually plays a relatively minor role in development, while the size of the economy is a function of population level and per capita income; even if the latter changes substantially, many of the basic characteristics of "smallness" remain.

8. In the context of countries, "smallness" is generally agreed to be a comparative and not an absolute notion. No attempt is made in this report, therefore, to definite "small States". For the reasons given above, population is used as an indicator of relative country size.

9. The population of Member States in 1991 ranged along a spectrum from 39 thousand in St. Kitts and Nevis to 1.150 million in China, with some bunching towards the lower end of the scale. Development policies, problems and possibilities clearly shift along the spectrum; those facing a country with a population of, say, half a million will differ in some respects from those facing a country of five million, which in turn will differ from those of a country of fifty million inhabitants. But these shifts are likely to be gradual and it is doubtful if there are discontinuities along the spectrum. Classification of countries by size is therefore likely to involve arbitrary divisions.

III. SOME BASIC DATA ON SMALL MEMBER STATES

10. As of 1 August 1992, 35 of the 179 Member States of the United Nations had populations of less than one million.[4] The World Bank Atlas (25th edition), from which the population figures in this report are taken, includes in its tables a further 23 "countries and territories" with populations below one million. These 23 "countries and territories" are islands, mainly in the Caribbean and the Pacific, many of which have continuing political and economic relations with former colonial powers. Several receive development assistance from the United Nations System; this is discussed briefly later in the Report. Since then, 5 more small states have joined the United Nations which have brought the United Nations membership to 184.

11. Some basic data on 31 of the 35 Member States with populations of less than one million are shown in table 1, (page 6) Iceland, Luxembourg and San Marino are excluded, being developed European States, the Federated States of Micronesia through lack of data. The tables in this section simply present, as a background for the examination of the issues, certain selected information on Member States with low population levels and are not intended to indicate any classification of these States.

12. Twenty one of the thirty one states in table 1 are included in the United Nations category "Island Developing Countries". The Marshall Islands, which only became a member of the United Nations in September 1991 and on which there is as yet little information in most United Nations publications, might also be expected to become a member of this group. Eleven states in the table belong to the category "Least developed Countries": Djibouti, Equatorial Guinea, The Gambia, Guinea-Bissau, Cape Verde, Comoros, Maldives, Samoa, Sao Tome and Principe, Solomon Islands and Vanuatu.[5] The latter seven are included in both groups. Thus twenty-five of the thirty-one Member States with populations under one million are covered by United Nations' special categories. The only countries in table 1 which are neither "Islands developing countries" nor "Least Developed" are Belize, Guyana, Marshall Islands, Qatar, Suriname and Swaziland.

13. The summary data in the table indicate the great diversity of this group of countries. Populations range from 39 thousand in Saint Kitts and Nevis to almost one million in Guinea-Bissau, while GNP per capita levels vary between $190 for this latter country to $15,870 in Qatar. Even excluding the oil producing countries, the Mediterranean countries and the Bahamas, the range is still from $190 to $6,630. Even within regions variations can be extremely large: for example, per capita GNP in Barbados is twenty three times the level in Guyana. Hence low population countries cannot be characterized as particularly low income, despite the fact that almost one-third are in the "Least developed" group.

14. GNP growth rates in the 1980s also differed sharply: from an average annual rate of growth of 10.2 per cent in the Maldives to a decline of 6.6 per cent in Qatar. For a decade in which the international economic environment was generally unfavourable for developing countries, however, growth rates in small states tended to be relatively high, six recording rates of between

4 and 5 per cent and another eight showing rates of over 5 per cent. No obvious patterns is discernible as regards growth rates and geographical location; of the high growth countries, two are in Africa, two in the Pacific, and one each in the Caribbean, Central America, the Mediterranean and the Indian Ocean. Nor is there any apparent correlation between high growth rates and per capita GNP levels.

15. The "Human Development" index, as measured by the UNDP Secretariat and shown in table 1, includes three key components: life expectancy, knowledge (measured by adult literacy and mean years of schooling) and income (based on the premise of diminishing returns from income for human development).[6] This index reflects a wider view of development than simply per capita GNP, and the two measures give different ordering of countries.

16. Six of the small Member States shown in table 1 (page 6) are in the UNDP "High human development" category (Human Development index above 0.8): Barbados, Cyprus, Bahamas, Malta, Brunei Darussalam and Qatar. Barbados has a higher index figure than any other developing country and is above several European Countries such as Italy and Spain. Another fourteen small states are in the "Medium human development" category, and the remaining ten are in the "Low human development" category.[7]

17. Similar data are shown in table 2 (page 7) for the thirty developing Member States with populations of between one million and four million (the two developed countries in this category, Ireland and New Zealand, are omitted). In contrast to the States with fewer than one million citizens, only four of this group are islands. Seven are classified as "Least developed countries": Botswana, Bhutan, Lesotho, Mauritania, Liberia, Central African Republic and Togo. Some of the continental States cover substantial land areas.

18. The group includes the three Baltic States, which were admitted to the United Nations as members as recently as September 1991, and Armenia and Turkmenistan, whose membership dates from only March 1992. No information on these five countries is given in the Human Development Report 1992.

19. As with the countries in table 1, those in table 2 exhibit striking diversity in their levels of GNP per capita and growth rates over the past decade. Bhutan's per capita GNP in 1991 was $180 while that of the United Arab Emirates, with almost the same level of population, was more than one hundred times as large. There was, however, a cluster of fifteen countries with per capita GNP in the $1,100 to $3,800 range. Five countries had average annual growth rates in the 1980s of over seven per cent: Mauritius, Singapore, Botswana, Bhutan and Oman. The latter three recorded remarkably high rates of over nine per cent. Again, there is no discernible pattern in these high growth rates.

20. The absence of any clear relationship between country size (however defined) and economic growth also appears to apply if a longer time period is considered. A recent study of the international distribution of income showed that four small States (Singapore, Malta, Botswana and Cyprus) were amongst the ten countries with the highest per capita income growth over the period 1961 to 1987, and two (Kuwait and Guyana) were amongst the ten countries with the largest declines.[8]

Table 1

Developing Member States with population of less than one million

Order	Country	Population (000)	GNP per capita (US$)	GNP real growth rate (%)	Educational attainment	Human development index
		1991	1991	1980-1991		
1	Saint Kitts and Nevis	39	3,960	4.5	2.31	0.686
2	Marshall Islands	48	...c/	...	...	...
3	Seychelles	69	5,110	3.2	2.21	0.740
4	Dominica	72	2.440	4.4	2.33	0.783
5	Antigua and Barbuda	80	4.770	4.4	2.29	0.781
6	Grenada	91	2.180	4.9	2.30	0.758
7	Saint Vincent and the Grenadines	108	1,730	6.1	2.00	0.693
8*	Sao Tome and Principe	120	350	-1.2	1.29	0.374
9	Saint Lucia	152	2,500	4.8	2.16	0.712
10*	Vanuatu	156	1,120	2.6	1.50	0.536
11*	Western Samoa	168	930	6.0	2.29	0.591
12	Belize	193	2,050	5.3	2.27	0.665
13*	Maldives	221	460	10.2	2.26	0.490
14	Barbados	258	6,630	1.6	2.72	0.927
15	Bahamas	259	11,720	3.3	2.50	0.875
16	Brunei Darussalam	264	...a/	...	2.08	0.848
17*	Solomon Islands	326	560	6.7	0.22	0.434
18	Malta	356	6,850	3.5	2.20	0.854
19*	Cape Verde	383	750	4.8	1.04	0.437
20*	Equatorial Guinea	426	330	5.8	0.85	0.163
21*	Djibouti	441	...b/	...	0.04	0.084
22	Qatar	452	15,870	-6.6	2.03	0.802
23	Suriname	457	3,610	-2.2	2.23	0.749
24*	Comoros	492	500	2.6	1.13	0.269
25	Bahrain	518	6,910	0.1	1.78	0.791
26	Cyprus	708	8,640	6.0	2.48	0.912
27	Fiji	751	1,830	1.5	2.11	0.713
28	Guyana	802	290	-3.8	2.25	0.539
29	Swaziland	825	1.060	6.8	1.62	0.458
30*	The Gambia	901	360	3.2	0.26	0.083
31*	Guinea-Bissau	999	190	3.3	0.47	0.088

* Classified as a "Least Developed Country"
a/ Estimated to be $ 6,000 or more
b/ Estimated to be in the $ 500 - $ 1,499 range
c/ Estimated to be in the $ 1,500 - $ 3,499 range
Sources: Population, GNP per capita and GNP real growth rates: The World Bank Atlas, 25th edition
Educational attainment & Human development index: UNDP Human Development Report, 1992

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Table 2

Developing Member States with population of between one million and four million

Order	Country	Population (000)	GNP per capita (US$)	GNP real growth rate (%)	Educational attainment	Human development index
		1991	1991	1980-1991		
1	Mauritius	1,083	2,420	7.2	2.00	0.793
2	Gabon	1,168	3,780	-0.9	1.26	0.545
3	Trinidad and Tobago	1,249	3,620	-3.9	2.58	0.876
4*	Botswana	1,289	2,590	9.3	1.56	0.534
5*	Bhutan	1,467	180	9.0	0.51	0.146
6	Estonia	1,591	3,830	2.8	...	...
7	Oman	1,618	5,650 a/	9.3	0.48	0.598
8	United Arab Emirates	1,630	19,870 a/	-1.8	1.32	0.740
9*	Lesotho	1,816	580	2.7	1.75	0.423
10	Namibia	1,834	1,120	1.6	0.67	0.295
11*	Mauritania	2,023	510	0.6	0.41	0.141
12	Mongolia	2,184	... b/	...	2.45	0.574
13	Kuwait	2,212	... c/	...	1.79	0.815
14	Congo	2.351	1,120	3.1	1.11	0.372
15	Jamaica	2,440	1,380	1.0	2.41	0.722
16	Panama	2,460	2,180	0.3	2.27	0.731
17*	Liberia	2,639	... b/	...	0.68	0.227
18	Latvia	2,693	3,410	3.4	...	...
19	Lebanon	2,694 d/	... e/	...	1.88	0.561
20	Costa Rica	2,875	1.930	3.4	2.31	0.842
21	Singapore	3,045	12,890 b/	7.1	2.04	0.848
22	Uruguay	3,110	2,8600	0.2	2.56	0.880
23*	Central Africa Rep.	3,113	390	1.2	0.56	0.159
24	Albania	3,303	... b/	...	2.16	0.791
25	Armenia	3,360	2,150	2.9	...	...
26	Jordan	3,453	1,120 f/	0.6	1.93	0.586
27	Turkmenistan	3,748	1,700	3.2	...	...
28*	Togo	3,761	410	1.8	0.74	0.218
29	Lithuania	3,765	2,710	3.4	...	...
30	Nicaragua	3.975	340	-1.4	1.90	0.496

* Classified as a "Least Developed Country"
a/ 1990
b/ Estimated to be in the $ 500 - $ 1,499 range
c/ Estimated to be $ 6,000 or more
d/ 1989 estimates, from UNCTAD, Handbook of International Trade and Development Statistics, 1991
e/ Estimated to be in the $ 1,500 - $ 3,499 range
f/ Data for GNP Cover East Bank only
Sources: Population, GNP per capita and GNP real growth rates: The World Bank Atlas, 25th edition
Educational attainment & Human development index: UNDP Human Development Report, 1992.

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21. A few broad conclusions can be drawn from the data presented above:

- Of the sixty one developing Member States with populations of less than four million, twenty five are classified as "Island developing countries" and eighteen as "Least developed countries" (seven belong in both categories); for the thirty one Member States with populations of under one million, the corresponding figures are twenty-one, eleven and seven, respectively;

- twelve of the thirteen States with populations of under a quarter of a million are islands, mostly relatively small in area. Islands account for half of the eighteen States with populations of between one quarter and one million, but only four of the thirty States in the one to four million group;

- small Member States are bunched towards the lower end of the population scale: thirteen have populations of below a quarter of a million, a further eighteen are in the one quarter to one million range, and only ten in each of the next one million brackets, up to four million;

- five of the States in the one to four million population bracket cover very large land areas (Namibia, Botswana, Mauritania, Mongolia and Turkmenistan), and several others have substantial territorial areas;

- in terms of GNP per capita, four broad groups can be distinguished, covering thirty five of the sixty-one small Member States: fifteen low income African Countries (including some island States); nine Caribbean islands, with intermediate per capita GNP ($1,300 - $4,000) and generally high "human development" indices; five States that were formerly part of the Soviet Union (including the three Baltic States), also with intermediate GNP per capita; and six high income oil-producing states. The remaining twenty-six countries are difficult to categorize, consisting of islands in the Indian Ocean, Mediterranean and Pacific, and continental States in South and Central America, Europe and Asia, with a wide range of per capita income levels.

IV. SPECIFIC DEVELOPMENT NEEDS OF SMALL STATES

A. Characteristics of small States

22. In the previous section it was shown that Member States with low levels of population tend to vary greatly as regards levels of GNP per capita, economic growth rates and indicators of "human development". There are, nevertheless, certain features that are common to most small developing states and, although not always exclusive to such countries, these tend to define the development characteristics of, and problems facing, such states.

Prominent amongst these features[9] are:

- limited resource endowment, usually resulting in dependence on a narrow range of primary commodity exports;

- a very small (and predominantly based on labour-intensive technologies) or virtually non-existent manufacturing sector, with a consequent need to import most manufactured goods;

- attempts to promote industrialization by way of creating State enterprises and granting them major protection, in particular through such measures as tariffs, import restrictions and credit subsidies;

- heavy dependence on imported food;

- rudimentary financial markets, with very weak local or regional markets;

- foreign ownership of most commercial banks and insurance companies;

- high levels of both urban and rural unemployment;

- poor social conditions in terms of education, health, housing, sanitation, and, often, totally inadequate economic and social infrastructure;

- scarcity of qualified and skilled personnel (in particular entrepreneurial, management and technical skills) attributable to weaknesses in the educational system and to migration,;

- partly as a result of the previous feature, weak indigenous technical capacity;

- serious transportation problems.

23. In addition to these general features associated with small developing States, small island developing countries have, in varying degrees, certain characteristics resulting largely from their geographical situation. The most notable of these are:

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- remoteness, leading to inadequate and high cost transport systems;

- heavy dependence on shipping;

- environmental fragility;

- vulnerability to natural disasters and, increasingly, also to man-made disasters.

24. Some island developing countries consist of a group of islands, frequently dispersed over a considerable area, thereby accentuating the difficulties of transportation, communication and administration. The archipelagos have a special range of disabilities. Three examples are given in a recent UNCTAD study[10], all of which are small Member States with populations of less than one million. Fiji, which has a total land area of 18,000 km^2, consists of some 300 islands, only 100 of which are inhabited, with the two main islands accounting for about 90 per cent of the population. There are over 700 islands and innumerable cays comprising the Archipelago of the Commonwealth of the Bahamas. But permanent populations exist on less than thirty islands, and population density is only 18 inhabitants per km^2. With a population of a quarter of a million, Bahamas has an exclusive economic zone of three-quarters of a million km^2. The Maldives has a population of two hundred and twenty-one thousand spread unevenly over two hundred and two islands, giving it an exclusive economic zone of almost one million km^2 [11].

25. The nature of the development problems facing these and similar island developing countries is clearly distinct not only from other developing countries but also from other small developing countries. Their development options are severely constrained by the inherent economic disadvantages imposed by geography.

26. From the point of view of the specific development needs of small Member States as a whole, the general characteristics of such countries enumerated above have two broad implications: one, they are associated with diseconomies of scale over a wide range of economic activities and, second, they underline the vulnerability of these States to external developments. The pattern and extent of these two influences differ significantly as between countries but virtually all small countries would seem to be affected to some degree. The principal implications of these influences are outlined in the following paragraphs.

B. Diseconomies of scale

27. Diseconomies arising from the small size of the domestic economy are widely considered to constitute a major constraint on the development of a viable manufacturing sector in small countries[12]. Some countries, however, have succeeded in overcoming this disadvantage and have established industries that can compete in international markets. While diseconomies accentuate the difficulties of economic development they do not create insuperable impediments to such development.

28. Transport is an area where lack of scale economies associated with small size is particularly significant, especially in the remote island states. In

the Pacific the island groups are spread over more than ten million square miles of ocean, with many islands a great distance from any major international route, thus dependent on relatively high cost, and often infrequent and irregular, transport. Even for small developing continental states, transport can pose serious difficulties; the relatively small volume of trade generated by such economies cannot support the large investments required to build and operate efficient modern air and sea terminals. The generally small-scale and often antiquated terminals lead to relatively high unit costs, cause delays and act as a discouragement to foreign investment.

29. As regards health, diseconomies of scale result in high costs per capita not only of infrastructure investment but also of service operating expenses though, here as elsewhere, the issues vary depending on specific country circumstances.

30. Education is another sector adversely affected by the smallness factor. In particular, the size of the population and the economy in the smaller countries often preclude many forms of tertiary education. This of course has far-reaching implications for economic and social development, lowering the levels of education and training below what they might otherwise have been, boosting outward migration through reliance on overseas educational institutions, increasing dependence on externally recruited staff for professional and other qualified positions, and reducing the national capacity for research.

31. The latter factor impinges on and undermines public administration, already affected by scarcity of skilled personnel and relatively weak institutional infrastructure. The situation has been summarized as follows: "The small size of states may have a number of socioeconomic consequences for their public sectors. Many small economies tend to suffer considerable diseconomies because of lack of scale in the administration of their public service, and often they cannot supply the full range of services provided by the public sector in large states. Furthermore, there is not scope for as much specialization in the type of employment in the public sector as in large economies.

32. "A specialist is likely to be underemployed in a small economy whereas in a larger economy a number of specialists in the same area (or even a greater degree of specialization) may find adequate scope for employment in the public sector"[13]. It goes on to point out that "administrative costs are proportionately higher in island micro-states, especially those most fragmented, because of the necessity to maintain roughly the same diversity of government functions as in larger states, and tasks are not always easily amalgamated". In addition, given the overall shortage of skilled human resources these are thinly distributed over a wide range of activities.

33. While what precedes refers to the situation in island developing countries, it applies to small countries in general. The weaknesses in public administration is a major impediment to economic and social development. Inevitably, the weaknesses have a significant effect on the identification, formulation and implementation of aid projects and programmes. An additional factor here is that, because of their size, aid programmes and projects carry disproportionately large overheads[14]. These points were made frequently to the Inspectors by United Nations officials.

34. The cumulative effect of the absence of scale economies across most areas of economic activity is to exacerbate the problems and diminish the possibilities of economic and social development.

C. Vulnerability

35. The Second General characteristic of smaller States, particularly small island States, is their exposure to external influences. There are many aspects of this vulnerability; these have been described and discussed in numerous documents and articles.[15] In the present context, the most significant aspects are vulnerability associated with openness to external economic influences, and vulnerability to environment damage.

36. Most small countries have a limited resource base and a very restricted domestic market, forcing them into a high degree of export specialization which, in turn, implies a high degree of import dependence. Exports and imports are relatively high in relation to expenditure on GDP in virtually all of the smaller countries. While "openness" is widely regarded as a policy favourable to economic growth[16], high foreign trade dependence, especially if based on a limited number of export commodities, leaves a country highly exposed to external economic developments. A sharp decline in the world price of the main export commodity, or the withdrawal or reduction of trade preferences in a major export market, can have a devastating impact on the economy of a small country. The concentration of production and of exports and high trade dependence to be found in most small countries tends to expose their economies to more far-reaching shocks than experienced by larger countries; adaptation to such externally induced shocks can be difficult and involve high economic and social costs, and can set back the course of economic development.

37. Economic "openness" is apparent not only in small States' foreign trade. High trade dependence usually makes these countries dependent on external capital to maintain their external balances. Possibilities of attracting inflows of foreign private capital are inevitably limited and the majority of smaller states, especially the least developed, have become extremely dependent on foreign aid. For African countries with populations of below one million, annual average net official development assistance as a share of GDP in the 1986-1989 period varied between 25 and 60 percent, whereas for Africa as a whole, the figure was 4.9 per cent[17]. Heavy dependence on official development assistance exposes these countries to another form of vulnerability, especially with the strengthening of conditionality attached to lending by multilateral institutions in recent years.

38. Another aspect of economic "openness" is international migration. This can have a significant impact on small countries' economies, reducing an already limited pool of qualified and skilled personnel. While the inflow of foreign exchange in the form of remittances is often an important component of the balance of payments[18], the loss of human capital may well have a greater adverse impact on economic development prospects. The relatively low level of earnings and restricted employment opportunities in most small developing countries leaves them vulnerable to a continued loss of skilled and qualified manpower.

39. The vulnerability of smaller States to environmental damage and degradation takes many forms. Small island developing countries, with their fragile ecosystems, are especially susceptible to a variety of environmental hazards, described in various documents and publications. Coastal areas are particularly subject to erosion and environmental degradation, arising from both land-based and offshore sources of pollution; as these areas frequently constitute a valuable development resource for island developing countries and small countries bordering the sea, this can have far-reaching economic consequences. Low-lying islands are, of course, particularly at risk from rising sea levels induced by climatic changes. Water supply is another critical issue in some small countries. Waste disposal, especially of toxic-materials, is a further problem area. Many small States are prone to natural disasters, such as cyclones, earthquakes, epidemics and drought, which can have a catastrophic effect on the economy.

40. William Demas has written in connection with West Indian islands. "Small may be beautiful; but it may also be fragile, vulnerable and extremely externally dependent".[19] In addition to causing occasional shocks to the economy, the general effect of this vulnerability on the economies of smaller States is to raise the implicit risk premium and hence to increase the cost and lower the possibilities of economic development. The greater the vulnerability the higher will be this risk premium.

D. Specific development needs

41. The principal economic characteristics of small States outlined above indicate that these countries suffer from a range of disadvantages compared with larger countries. Yet, while these disadvantages unquestionably accentuate the difficulties of economic development, the economic problems facing smaller countries differ in degree rather than in kind from those facing bigger countries. The basic development needs of small countries are essentially the same as those of other developing countries. The issue is thus how can the United Nations development system and other donor agencies assist in reducing the disadvantages that make the development challenges facing smaller States so daunting; what are the development needs that are especially pressing in these States?

(a) The first need may well be for a recognition of the disadvantages that are associated with smallness, and for greater flexibility in small countries' aid programmes in view of these disadvantages. Flexibility and responsiveness to local conditions and circumstances are also needed in view of the fact that economic development of small States is usually, if not invariably, dependent on finding and developing a niche in the international economy so that the paths and patterns of economic development often differ significantly as between small countries[20]. Flexibility is needed, too, in response to externally-induced economic shocks.

(b) The widespread weaknesses in small States "Public sectors" acts as a severe constraint on development. These weaknesses are partly attributable to the relatively small size of the public sectors in these countries and the resultant absence of scale economies, and partly to the shortage of qualified and trained personnel. The former difficulty is inherent, but more imaginative approaches are needed in tackling the latter problem. Despite substantial and continued external assistance over an extended period the achievements have been marginal at best, as implicitly acknowledged by the recent introduction of Institutional Capacity Building Programmes in Africa. The need for more effective human resource development programmes in the public sector may well be small States' most important need at the present time.

(c) Exposure to a whole variety of environmental problems creates particular, and growing, difficulties for small states. There is an urgent need for increasing awareness of the harmful consequences of environmental degradation on the part of both the general public and political leaders of small States. There is also a need for qualified personnel to assess and monitor all aspects of environmental changes and to analyze policy options in this field, and for resources to slow down or halt threatening changes in the environment. In both areas the need for effective external assistance is pressing. Because of the very fragile nature of the ecosystems of coral islands, there is a particularly urgent requirement for environmental assistance to such countries, before irreversible damage occurs.

(d) Many small States belong to at least one regional grouping of developing countries, though not necessarily consisting only of small States. But there are numerous obstacles in the path of effective economic cooperation and coordination, let alone integration, on a regional basis: for instance, the proliferation of economic integration and co-operative groups, particularly in Africa, has led to overlapping membership, duplication of activities, and often conflicting regulations and decisions[21]; multiple membership can impose a substantial financial burden on members; economic size and performance often varies considerably, causing imbalances within the group; and governments everywhere resist surrendering sovereignty in any field. Despite these obstacles, there is a need in many areas to foster regional cooperative activities which offer the most promising route to lessening the constraint imposed on smaller countries by scale diseconomies, and also to reducing some aspects of their vulnerability.

V. THE UNITED NATIONS AND THE SPECIFIC DEVELOPMENT NEEDS OF SMALL STATES

A. Island developing countries and least developed countries

42. The United Nations has not given special consideration to the development needs of small States as such, although attention has focused over the years on "Island developing countries" and on the group of countries classified as "Least developed". As shown in Section III above, these two categories include many of the small member States, particularly those with populations of less than one million.

43. Since 1972, several resolutions have been adopted in the General Assembly, UNCTAD and other international fora calling attention to the particular difficulties which island developing countries face in their development efforts.[22] In a resolution of 20 December 1988 entitled "Specific measures in favour of island developing countries" (resolution 43/189), the General Assembly appealed to the international community, inter-alia, "to continue to ensure that a concerted effort is made to assist island developing countries, at their request, in improving the administrative capacities and in satisfying their overall needs with regard to the development of human resources" and urged once again "relevant organizations of the United Nations system to take adequate measures to respond positively to the particular needs of island developing countries and to report on such measures as appropriate".[23]

44. The resolution requested the Secretary-General to convene a meeting of governmental experts of island developing countries and donor countries and organizations to review their problems and to propose appropriate concrete action. Such a meeting was held at United Nations Headquarters in New York from 25 to 29 June 1990. It unanimously adopted a document entitled "Challenges and Opportunities: A strategic framework". The meeting highlighted the particular needs of island developing countries which allowed the General Assembly, in its resolution 45/202, to make a more specific appeal to the international community, namely:

(a) to maintain and, if possible, increase the level of concessional financial and technical assistance provided to island developing countries;

(b) to maximize access of island developing countries to concessional financial and technical assistance by taking into account the specific development needs and problems facing those countries;

(c) to consider reviewing the mechanisms of existing procedures used in providing concessional resources to island developing countries, taking into account their situations and development potential;

(d to ensure that assistance conforms to the national and, as appropriate, regional priorities of island developing countries;

(e) to provide support to island developing countries over a mutually agreed and, where appropriate, longer time-frame to enable them

to achieve economic growth and development;

(f) to continue to ensure that a concerted effort is made to assist the island developing countries, at their request, in improving their institutional and administrative capacity and in satisfying their overall needs with regard to the development of human resources;

(g) to consider improving existing arrangements for assistance to island developing countries in addressing the adverse effects on their export earnings.[24]

45. The Governing Council of the United Nations Development Programme has recognized the special needs of small island developing countries in the allocation of grant technical assistance by providing special supplemental resources to those islands with populations less than two million. In recognition of the economic constraints experienced by small islands, the Council has also adopted higher thresholds of per capita GNP for small islands in respect of various programme eligibilities and requirements.

46. The UNCTAD Secretariat has produced a number of studies and documents on island developing countries[25], under the aegis of the Special Programme for Least Developed, Land-locked and Island Developing Countries. As its name implies, the annual Least Developed Countries Reports[26] also come under this Programme, as do the special Conferences on Least Developed Countries, the second of which was held in Paris in 1990.

B. Indicative planning figures for small Member States

47. In the fifth programming cycle (1992-1996), the least developed countries continue to be given priority treatment, the UNDP Governing Council deciding that "the methodology for the allocation of country indicative planning figures should achieve the following distribution:

(a) Countries with gross national product per capita of $750 or less, to receive 87 per cent of indicative planning figure resources, keeping the weight coefficients for gross national product per capita and population in the fifth cycle unchanged from those used in the fourth cycle".[27]

48. The Governing Council also decided to apply the following supplementary criteria and weight coefficients for any given country:

(a) Inclusion in the list of countries designated as least developed among developing countries or, by decision of the Governing Council, designated to be treated as if it had been included in that list: 7 points;

(b) it is a land-locked developing country: 1 point;

(c) it is an island developing country: 1 point;

(d) it has acceded to independence since 1985: 1 point;

(e) it is an economically disadvantaged state in southern Africa: 1 point;

(f) it suffers from acute ecological or geographical disabilities, or is disaster-prone: 2 points.

(g) it is classified by the World Bank as a severely or moderately indebted low- or medium-income country: 2-4 points;

(h) its continued deterioration in terms of trade, measured as a decline by more than 10 per cent in at least two years out of the three-year period 1986-1988: 1 point;

(i) a decline in per capita gross national product between cycles (1983-1989) of more than 30 per cent: 1 point;

(j) its economy is in transition, or, it required structural adjustment lending from the World Bank during the fourth cycle (1987-1991): 1 point.[20]

49. Although "smallness" is not one of the supplementary criteria, many of the sixty one countries listed in tables 1 and 2 qualify under one or more of these criteria. In addition, the population weight coefficient used in the basic criteria (which determine the distribution of 75 per cent of funds allocated to each group) biases the allocation in favour of countries with low levels of population, as indicated by the following:

Population (millions)	Coefficient
1	0.525
10	1.425
100	3.3
1,000	6.45

50. A further indication of this bias is given in table 3, (pages 19 and 20) which shows per capita indicative planning figures for the fourth and fifth cycles for countries with populations of less than 4 million. The priority given to countries classified as least developed is very clear, as is the sharp accentuation of this priority between the fourth and fifth cycles. The table also brings out the fact that countries with populations of under one million tend to have significantly higher allocations on a per capita basis than countries with populations of between one and four million (which, in turn, are likely to receive higher per capita allocations than more populated countries). For the fifth cycle, the unweighed average of per capita IPFs is $21 for countries with populations of less than a quarter of a million, $18 for countries with populations of between a quarter of a million and one million, and $4.5 for countries with populations of one to four million. Part of this may appear to be attributable to the concentration of the "least developed" in the lower population countries, and the inclusion of former soviet Union countries (which have low figures, reflecting in part their recent entry into the United Nations) in the relatively more populated countries. Excluding these two groups, the corresponding figures to those given above are $17, $9 and $3.

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51. Thus, on the basis of this very rough and ready assessment, it seems that small Member States are quite well served by the present system of allocating United Nations development assistance, receiving comparatively high allocations on a per capita basis. Far more difficult to assess is whether this development assistance has been, and is being, used effectively to tackle the specific disadvantages of smaller Member States. It needs to be mentioned, however, that in order to enhance its effectiveness it is absolutely essential that the relevant projects and programmes should respond to the specific needs identified by the concerned countries themselves.

C. Regional cooperation

52. A consistent theme of the United Nations development system for many years has been support of regional cooperation among developing countries. The United Nations has provided technical and institutional assistance to regional activities, and UNCTAD has produced a considerable number of studies and documents and organized meetings on various aspects of economic cooperation and integration among developing countries[29]. This support and assistance has been for developing countries as a whole, not just for small States. There is an indicative planning figure for multi-island cooperation of $7 million for the fifth programming cycle, but there does not appear to have been a consistent and coherent policy of encouraging small non-island States to seek out economic benefits from cooperation with other countries.

D. Environment

53. The United Nations has given assistance to smaller States in a number of environmental areas. This assistance seems to have been generally fairly small-scale and on a somewhat ad hoc basis. An important development was the General Assembly's decision in December 1992 to convene the first global conference on the sustainable development of small island developing countries, to be held in Barbados in April 1994.[30] This decision was based on the recognition of the fragility of small islands' ecosystems and the consequent need for them to adopt development policies designed to overcome these specific vulnerabilities. The Conference will have the following objectives:

(a) "To adopt plans and programmes to support the sustainable development of small island developing States and the utilization of their marine and coastal resources, which includes meeting essential human needs, maintaining biodiversity and improving the quality of life for island people;

(b) to adopt measures that will enable small island developing States to cope effectively, creatively and sustainable with environmental changes and to mitigate impacts and reduce the threats posed to marine and coastal resources."

54. The General Assembly decision "Stresses the importance of holding regional technical meetings on the sustainable development of small island developing States as a means of preparing substantive contributions to the Conference, and invites relevant regional and subregional bodies, in close cooperation with the United Nations Environment Programme, the United Nations Development Programme, the United Nations Conference on Trade and Development,

Table 3b

Small Member States: Per Capita Indicative Planning Figures

Order	Country	Population (000)	Per Capita IPFs	
		1991	Fourth Cycle	Fifth Cycle
			US$	
1	Mauritius	1,083	4	4
2	Gabon	1,168	2	2
3	Trinidad and Tobago	1,249	2	2
4*	Botswana	1,289	5	6
5*	Bhutan	1,467	17	19
6	Estonia	1,591	...	1
7	Oman	1,618	0.5	0.1/ncc
8	United Arab Emirates	1,630	0.4	0/ncc
9*	Lesotho	1,816	8	11
10	Namibia	1,834	7	6
11*	Mauritius	2,023	8	11
12	Mongolia	2,184	4	5
13	Kuwait a/	2,212	...	...
14	Congo	2,351	3	3
15	Jamaica	2,440	2	2
16	Panama	2,460	2	1
17*	Liberia	2,639	5	8
18	Latvia	2,693	...	0.5
19	Lebanon	2,694	3	3
20	Costa Rica	2,875	2	2
21	Singapore	3,045	0.3	0/ncc
22	Uruguay	3,110	2	2
23*	Central African Rep.	3,113	8	9
24	Albania	3,303	2	2
25	Armenia	3,360	...	0.2
26	Jordan	3,453	3	2
27	Turkmenistan	3,748	...	1
28*	Togo	3,761	6	7
29	Lithuania	3,765	...	0.3
30	Nicaragua	3,975	3	5

* Classified as a "Least Developed Country"
a/ Has relinquished IPF

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Table 3a

Small Member States: Per Capita Indicative Planning Figures

Order	Country	Population (000)	Per Capita IPFs	
		1991	Fourth Cycle	Fifth Cycle
			US$	
1	Saint Kitts and Nevis	39	33	30
2	Marshall Islands	48	36	33
3	Seychelles	69	19	15
4	Dominica	72	19	17
5	Antigua and Barbuda	80	16	14
6	Grenada	91	14	14
7	Saint Vincent and the Grenadines	108	18	18
8*	Sao Tome and Principe	120	27	41
9	Saint Lucia	152	8	8
10*	Vanuatu	156	12	15
11*	Western Samoa	168	27	29
12	Belize	193	7	5
13*	Maldives	221	23	31
14	Barbados	258	6	2/ncc
15	Bahamas	259	5	0/ncc
16	Brunei Darussalam	264	1	0/ncc
17*	Solomon Islands	326	11	20
18	Malta	356	4	2/ncc
19*	Cape Verde	383	17	19
20*	Equatorial Guinea	426	24	26
21*	Djibouti	441	8	8
22	Qatar	452	1	0/ncc
23	Suriname	457	5	2/ncc
24*	Comoros	492	16	23
25	Bahrain	518	1	0/ncc
26	Cyprus	708	4	2/ncc
27	Fiji	751	4	4
28	Guyana	802	13	17
29	Swaziland	825	6	6
30*	Gambia	901	14	29
31*	Guinea-Bissau	999	19	28

* Classified as a "Least Developed Country"

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the Food and Agriculture Organizations of the United Nations, the United Nations Educational, Scientific and Cultural Organization and other agencies, organs, organizations and programmes of the United Nations system, to organize such meetings as soon as practicable, preferably in the first half of 1993." This indicates the number of United Nations bodies involved in environmental issues. For small countries, with very few officials dealing with environmental matters, this can be a source of confusion, a point made to the Inspectors.

55. A potentially important channel of United Nations assistance in the field of environment is the recently established Global Environment Facility, financed jointly by the UNDP and the World Bank. The Fund has already provided $7 million to the Organization of Eastern Caribbean States which, together with $4 million from USAID, will fund an environmental coastal resources programme for the entire region, with initial trials in Dominica and St. Lucia. This would seem to be the kind of approach to small countries environmental problems that should be encouraged.

E. Other Sectors

56. Small States receive development assistance from the specialized agencies providing such assistance. As the United Nations does not distinguish small States as a separate category, development assistance projects and programmes for these countries, as a general rule, are similar in nature to those for larger countries.

57. Recently, however, the United Nations and the agencies have been giving more emphasis to the special needs of small States either within the framework of their programmes for least developed, land-locked or island countries or by undertaking specific activities. A few examples of these are given below.

58. Thus, FAO and WHO, jointly convened the International Conference on Nutrition (ICN) which addressed the needs and problems of small countries as related to nutrition. The conference endorsed a World Declaration and Plan of Action for Nutrition was endorsed, the objectives, policy guidelines and strategies of which are relevant to the specific development needs of Small Member States. Follow-up activities to the ICN are being encouraged in all member states, including small developing states, the majority of which participated in ICN preparations. As part of the preparatory process, technical and financial support were provided to assist small developing countries to prepare ICN country papers assessing the national nutrition situation and efforts to address food and nutrition problems, in addition to permitting attendance of their delegates at ICN Regional Meetings, the ICN Preparatory Committee and the ICN itself. FAO, along with WHO, is actively cooperating to follow-up requests received to assist developing countries in revising or developing national plans of action for nutrition.

59. FAO's special action programmes "Nutrition and Food Quality" and "Programme for Policy and Planning Assistance for Food Security and Sustainable Agricultural and Rural Development" are designed to focus multi-sectoral attention to nutrition problems and to be responsive to the Programme of Action for the least developed, land-locked and small island countries for the 1990.

60. In April 1992, FAO held, in Christ Church, Barbados, an Inter-Regional Conference of Small Island Countries on Sustainable Development and Environment in Agriculture, Forestry and Fisheries, as a lead up to UNCED. FAO also set up a "de facto" Caribbean desk in the Field Programme Development Division, and established a sub-regional FAO/CARICOM cooperation programme as part of the wider programme of the Regional Office for Latin America and the Caribbean.

61. In UNIDO's, technical cooperation activities, the emphasis has been on: (a) promotion of small-scale industries and entrepreneurship development; (b) export promotion and development of tourism; (b) promotion of industries based on marine resources; (c) human resource development.

62. In the case of the small Member States in the European region, UNIDO is faced with two distinct groups: market economies (Cyprus and Malta) and economies in transition (Albania, Lithuania, Armenia, Slovenia and The former Yugoslav Republic of Macedonia). Countries in the first group are well developed industrially and are seeking to harmonize their industrial legislation, policies and standards with those of the European Community. They call on UNIDO for technical and policy advice (for example, in environmental matters related to industry). Members of the second group have already approached UNIDO for assistance in developing the private sector, effecting the transition to a market economy and restructuring industry at the government, institutional and enterprise levels.

63. A number of UNESCO activities have been directed towards small islands: for example, a Man and the Biosphere Project on ecology and island ecosystems, and a seminar in Mauritius in 1989 on Educational and Cultural Development in Small Island States. Most of UNESCO's activities in the fields of education, sciences, culture and communication, which traditionally included environmental conditions of small islands in general and small Island Developing countries in particular have been reoriented in response to UNCED, in order to focus them more specifically on the objective of sustainable development and, in particular, implementation of the Rio Summit agreements.

64. The reinforcement of the institutional capacity in the social sciences with regard to research and training in the developing countries, and the setting up of the International Social Sciences Research Programme ("Management of Social Transformations" - MAST) constitute the two main thrusts of UNESCO's programmes in social and human sciences. Studies on the interrelationships between population dynamics, environment, natural resources and development on small islands are receiving particular attention. The cultural dimension of development, namely the preservation of traditional cultures and of related traditional environmental management practices, will be examined by the World Commission for Cultural Development, which has been set up in accordance with the provisions of resolutions adopted by the General Conference of UNESCO and the United Nations General Assembly. Furthermore, the sustainable development of small island developing countries will need to be supported by communication projects and systems adapted to the particular difficulties of the media and communication sector of small island states.

65. Because of heavy dependence of small states on shipping, the maritime sector of these states deserves special attention in the context of human resources development. In this regard, the Inspectors would like to note

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IMO's past successes in setting up regional maritime academies, and the vital roles now being performed by the IMO-initiated World Maritime University (WMU) in Malmö (Sweden), the IMO International Maritime Training Academy in Trieste (Italy) and the IMO International Maritime Law Institute. It needs to be observed however that, over the past decade, there has been a steady decline in the level of assistance for establishing new and improved maritime training institutions. Unless the international community continues to give priority to the maritime sector in its development assistance programmes, there is a danger that many of the achievements of the United Nations system of the past decades in this field will be seriously jeopardized.

66. United Nations regional commissions also undertake a number of activities in favour of small States. Thus ESCAP's activities to assist small states are carried out through its two special bodies - Special Body on the Least Developed and Land-locked Developing Countries and Special Body on Pacific Island Developing Countries and - most particularly through the Vanuatu-based ESCAP/Pacific Operations Centre (ESCAP/POC). The special function of the latter is to serve the needs of the small Pacific Island Countries (PICs). So far ESCAP/POC has been successful in developing the subregional technical and expert advisory services programme, so that in various subject areas such as macro-economic policy, physical planning, trade and investment policies, port/harbour development, the group of advisers/experts located at Port Vila, Vanuatu, could be effective in delivering benefits to the entire group of PICs. However this Pacific outreach programme is affected by the fact that apart from the advisory services programme, other effective modalities for rendering technical assistance are yet to be fully developed.

F. Non-self-Governing Territories

67. As mentioned in the introduction, the United Nations development system also provides assistance to a number of Non-Self-Governing Territories. These are small island Territories, very largely in the Caribbean and the Pacific, whose development problems are similar to those of the smaller Member States. The selected basic data in table 4 (page 24) show that they are characterized by exceptionally small populations[31]; eleven of the fifteen have populations well below the smallest Member States of the United Nations. As with the Member States, per capita GNP levels vary greatly, but tend to be relatively high.

68. UNDP's relationship with the Non-Self-Governing Territories is covered under the respective standard Basic Agreements in effect between the organization and the Administering Power.

Table 4

Non-Self Governing Territories with Indicative Planning Figures

Territories	Polulation	GNP Per Capita	Allocation of indicative planning figures for:	
	1989	1989	Fourth Cycle	Fifth Cycle
	(000)	(US $)	US$ Per Capita	
Latin America and Caribbean				
Anguilla	8	14,042	133	133
Aruba	60 b/	6,750	0	3/ncc
British Virgin Islands	14	10,780	18	7/ncc
Cayman Islands	19	19,200	25	20
Montserrat	13	4,000	46	37
Netherlands Antilles	190	7,069	0	1/ncc
Saint Helena	8		59	176
Turks and Caicos Islands	10	723	97	97
Asia and the Pacific				
Cook Islands	20	2,863	60	54
* Kiribati	71	496	30	33
Niue	4	1,670 a/	215	193
Tokelau	2		598	598
Trust Territory of Pacific Islands	162	1,080 a/	2	2
Tonga	177	1,055	17	17
* Tuvalu	9		125	184

* Classified as a "Least Developed Country"
a/ GNP Per Capita, 1986
b/ 1991
Sources: The World Bank Atlas, 25th edition, UNCTAD Handbook of International Trade and Development Statistics 1991, Caribbean Development Bank.
Per Capita IPF figures are derived from UNDP tables on the allocation of IPF and the population figures in this table

VI CONCLUSIONS

69. The United Nations has development assistance programmes in every developing Member State, regardless of size, as well as in a number of small Non-Self-Governing Territories. The United Nations does not recognize small States (however defined) as a distinct and special category; smaller countries are treated for development assistance purposes exactly the same as other developing countries. The responsiveness of the United Nations system to the development needs of its smaller countries therefore reflects the characteristics of the organization's programmes of economic assistance to the developing countries in general. The shortcomings and weaknesses of these programmes have been described and analyzed in various JIU reports.[32] The most effective way to enhance the United Nations responsiveness to the development needs of small member States would be to implement in full the JIU's various recommendations relating to the System's overall development activities.

70. There are, nevertheless, certain recommendations (see the beginning of this study) that the Inspectors believe are relevant to the specific disadvantages smaller countries face in their development efforts. This section outlines the rationale for each of these recommendations. One general point should first be made. The Inspectors found widespread agreement that small size does not by itself constitute a meaningful category in the context of economic development. Small countries are too diverse in per capita income, levels of economic and social development and economic performance to constitute a coherent economic grouping. Moreover, a substantial number of them, especially the smallest, belong to the least developed and/or small island developing categories, both of which receive considerable attention within the United Nations development system.

Population (million)	Number of States	Member of:			
		Least developed	SIDC	Both	Neither
under 1	31	11	21	7	6
1-2	10	3	2	-	5
2-3	10	2	1	-	7
3-4	10	2	1	-	7
Total	61	18	25	7	25

71. The Inspectors have therefore concluded that no useful purpose would be served by distinguishing small member States as a separate category. They believe that a more constructive approach would be to implement the measures which focus on strengthening the United Nations development assistance in areas where smaller countries are especially disadvantaged.

Smallness and flexibility

72. Even though small countries are too diverse to warrant the creation of a separate category, some of the characteristics associated with small size accentuate the difficulties of economic and social development, so that greater weight needs to be given to "smallness" in the allocation of development assistance. Furthermore, these difficulties, especially those relating to diseconomies of scale and vulnerability to external influences, do not necessarily diminish with rising levels of income. There is a consequent need for flexibility on the part of donor agencies, taking into account for each small country its particular conditions, circumstances and external environment, and changes in these variables. (Recommendation One).

Environmental assistance

73. Given the wide range of environmental damage and degradation to which small countries are susceptible and the severe effects this can have on their development prospects, as well as the limited capacity smaller countries have to tackle these problems, environment should be a priority area for United Nations assistance to such countries. Although the island developing countries are clearly more exposed to certain kinds of environmental damage than small continental countries, the latter, especially those with small territories, also often face important threats to their environment and do not have adequate resources to handle these threats. More attention needs to be paid to the deteriorating environmental situation in these countries, before irreversible damage occurs. In particular, the United Nations system should assist these states by making environmental laws and conventions which would minimize occurrence maritime pollution and helping to develop mechanisms for their implementation and helping to develop maritime carriers implementation. Difficulties facing small States regarding the environment are compounded by the fact that there are many organizations in this field, each tending to have its own perspective and agenda. Governments - and not only in developing countries - are subjected to uncoordinated and sometimes conflicting, pressures and advice concerning aspects of certain environmental issues. The Inspectors found that this was a source of some confusion for officials in small countries, who often have neither the time nor technical competence to assess such advice. In the United Nations itself, environment issues often cross sectoral borders and thus come under more than one organization. There is an urgent need for the United Nations development system to coordinate its activities in this field so as to avoid over-burdening and confusing governments in smaller States.

74. Ways need to be found to strengthen small countries' technical capacity to monitor and assess environmental developments and policies. Possibilities here are inevitably limited in view of the overall constraints on the public sector; the regional approach, where this is feasible, is the most promising, offering scope for sharing resources, training, information and experience. (Recommendation Two).

Regional Cooperation

75. Despite the generally limited progress to date, regional cooperation still offers possibilities for small countries located in reasonable proximity to other developing countries to exploit scale economies in some fields, as well as to strengthen their position in the international economy. The focus needs to be less on foreign trade, where potential gains are likely to be fairly marginal at best, and more on the range of activities where benefits might be achieved relatively quickly, with little if any apparent costs, and which do not require elaborate and time-consuming negotiations. Such activities might include: some forms of environmental protection; protection and policing of coastlines and exclusive economic zones; resource exploitation; mobilization of technical and financial resources; and the development and sharing of human resources. An interesting recent example of effective cooperation among smaller countries is the "Alliance of Small Island States", an informal grouping which apparently had an important influence in the negotiations over the Convention in Climate Change.

76. Paragraphs 60 and 66 above give some examples of regional approach by some organizations and agencies to the needs of small States. It has long been adopted by UNDP, e.g. in the case of the South Pacific and the Caribbean where the results are very positive and are supported by those countries. In recognition of this, the UNDP Governing Council has made small added allocations for the Caribbean and Pacific islands.

77. However, in view of the generally disappointing results of much of the assistance given to regional integration efforts in the past, future support needs to be selective, concentrated on those areas where there is a clear commitment on the part of the respective governments and where potential gains justify such assistance. (Recommendation Three).

Economic and Social Research Institutes

78. One of the major disadvantages under which smaller countries labour is their severely limited capacity to undertake economic and social research, attributable to the small size of the public administration, shortage of suitably qualified and trained personnel and, principally, to the absence of a University. This acts as a significant constraint on economic policy-making and management. One way of loosening this constraint would seem to be for donor agencies to assist in strengthening the existing regional and national economic and Social Research Institutes, and in creating such institutes in countries where it is feasible and justified.

79. Such an Institute should enhance the national capacity to carry out research on issues of immediate relevance to the country in question, enlarging understanding of domestic economic conditions, developments and options and thereby providing much-needed inputs into economic management. A second important role, linked to the first, would be to strengthen smaller States' positions in international negotiations and vis-à-vis donor agencies, in particular the multilateral financial institutions, opening the possibility of genuine and informed discussions between such institutions and small countries.

80. External assistance would be required both in setting up and in running such Institutes. Once established, some financial assistance could be provided by channelling United Nations funded research projects to the Institute. Assistance provided through Research Institutes might well prove to be a cost-effective way of transferring knowledge and skills on a sustainable basis while simultaneously contributing to enhancing the effectiveness of economic management. Inspectors have found considerable support for the idea of Research Institutes. (Recommendation Four).

81. The remaining recommendations refer to the internal operations of the UN development system and are aimed at enhancing its effectiveness in relation to specific disadvantages that hinder the development efforts of smaller States. Recommendations Eight, and especially Nine, should also benefit the assistance programmes to other, larger countries.

82. Before enumerating these recommendations, two general points should be made. The first concerns the need to avoid overloading senior government officials in the smaller countries with the bureaucracy of aid, meetings, visits, seminars and other time-consuming activities. The Inspectors heard complaints about the bureaucratic nature of some procedures both from government officials and from officials within the UN system. The point was made by the area Representative of one specialized agency that the paperwork involved in a $1 million project and a $5 thousand project was identical. This, of course, increases the overhead costs of small-scale aid projects in addition to imposing disproportionate burdens on public sector officials. The number of meetings, seminars, workshops and other work-distracting activities is also a well-attested fact. The Inspectors were told of one health official who had spent one hundred and twenty days in one year attending seminars. A critical role is played here by the UNDP Resident Representative, who should do everything possible to shield hard-pressed senior government officials from unnecessary and unproductive distractions from the UN development system.

83. This is related to the second point, namely the importance of the Resident Representative in small States, which is likely to become even greater with the decentralization of more responsibilities to country offices. To an important extent, the effectiveness of the UN's development assistance to such countries is dependent on the Resident Representative. This probably applies more in smaller countries than in larger ones, where external aid is dominated to a greater extent by other donor agencies. In the opinion of the Inspectors, the quality of Resident Representatives can vary significantly; they would like to stress the particular importance of selecting well-qualified and suitable officials for these posts in small States.

Protection and security of small States

84. The General Assembly of the United Nations at its forty-fourth session, adopted resolution 44/51 entitled "Protection and security of small States". In this resolution the General Assembly, inter alia, appealed to the relevant regional and international organizations "to provide assistance when requested by small States for the strengthening of their security in accordance with the purposes and principles of the Charter" and invited the Secretary-General "to explore ways and means, within the United Nations and in accordance with the Charter, of preserving the security of small States". /...

85. It is widely accepted by the international community that small States are particularly vulnerable to external threats, and that their political problems can acquire dimensions of global importance with potentially serious consequences for both their own development and for world peace and stability.

Bearing in mind the innovative ideas expressed by the Secretary-General in his report entitled "Agenda for Peace", the Inspectors believe that the special needs of small States should be recognized and addressed otherwise the prospects for small States could become even more constrained. (Recommendation Five).

Common area responsibilities

86. A common approach by all United Nations bodies should help to ease the burden on public sector officials. Such an approach would be facilitated if the UNDP and the specialized agencies had similar area responsibilities in regions, such as the Caribbean, where one field office has responsibility for several countries and territories. At present this is not the case. In the Eastern Caribbean, for instance, area responsibilities differ considerably; the UNICEF Representative, for instance, has to deal with four UNDP Resident Representatives, increasing the administrative workload and complicating the task of inter-agency cooperation. Area responsibilities in the Eastern Caribbean are as follows:

UNDP Resident Representative: Anguilla, Antigua and Barbuda, Barbados, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines.

UNIDO Representative: As for UNDP, as well as Guyana, Netherlands Antilles, Suriname and Trinidad and Tobago.

World Food Programme Representative: As for UNDP, including Guyana.

FAO Representative: Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines. Anguilla, British Virgin Islands and Montserrat only covered through UNDP since FAO, in view of their special status, has no direct relationships with them.

Pan American Health Organization/World Health Organization Programme Coordinator: As for UNDP, including Martinique, Guadeloupe, French Guiana, The Bahamas, Belize, Jamaica, Suriname, Trinidad and Tobago.

UNICEF Representative: As for UNDP, excluding Anguilla, and including Guyana, Jamaica, Suriname, Trinidad and Tobago, Turks and Caicos Islands.

ITU Representative: All English-speaking countries in the Caribbean, and Suriname, Curacao, Bonaire, Haiti, Aruba.

United Nations International Drug Control Programme Field Adviser: As for UNDP, as well as Guyana, Jamaica, Suriname, Trinidad and Tobago, and Turks and Caicos Islands. (Recommendation Six).

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Non-Self-Governing Territories

87. As shown in Section V above, the United Nations development system has indicative planning figures for a number of Non-Self-Governing Territories. These are, strictly speaking, outside the scope of this report. However, these territories are small in terms of population and face similar economic development needs to Member States so that there is a case for treating them for development assistance purpose in the same way as small Member States, and for all specialized agencies providing assistance to developing countries to bring their relationships with these Territories into line with those of UNDP. (Recommendation Seven).

Dissemination of information

88. A serious disadvantage for small countries relates to information. The global output of information on all aspects of economics is immense and constantly growing. An important part of this output is generated by the United Nations development System: studies, journals, statistical publications, reports on meetings, seminars and workshops, and so forth. But not much consideration has been given to the effective dissemination of this information, a notable exception being UNESCO which invited the JIU to undertake a study to ascertain whether all its printed material actually reached their target groups.[33] United Nations Information and Documentation Centres are not a particularly effective way of disseminating substantive and technical information to developing countries[34], and libraries in UNDP field offices are not run by trained staff and the contents tend to be random, incomplete and frequently out-of-date. A further handicap is that many small States do not have offices in Geneva, where a substantial part of the information is produced.

89. Consequently, few of the benefits from the output of information in the field of development accrue to smaller countries. As well as not having access to much of this information (the absence of a University library being a major factor here), there is a problem concerning the absorption of information in view of the small number of qualified personnel in public administration. Government officials in small countries are thus less well informed than officials in other countries, international institutions and transnational corporations, a serious disadvantage for such countries.

90. There is a need to devise an effective way of filtering the vast flow of information of interest to smaller countries and disseminating this to target groups in these countries. The United Nations should, at least initially, concentrate on what is produced within its own development system. Since there are many possibilities, what is required is a number of pilot studies in a few countries to identify users and their real needs and the most efficient and cost-effective way to meet these needs. This is a quintessential area for cooperation among United Nations agencies and departments, lack of cooperation and duplication imposing important costs on small States. (Recommendation Eight).

Data bases

91. There appears to be considerable scope for more sharing of data bases between the UNDP and the specialized agencies with offices in small countries, which should be of benefit to all concerned. As a first step, UNDP Resident Representatives should be asked to report on the current situation in their respective countries or area responsibilities, and on the possibilities of sharing databases. The interest in, and possibilities of, providing access to the databases to key government offices should also be explored in conjunction with Recommendation Eight. (Recommendation Nine).

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NOTES

1. Official Records of the General Assembly, forty-fourth session, Supplement No. 49 (A/41/49), p. 115; and Protection and Security of Small States, A/46/339, 18 September 1991.

2. Apparently, no country has ever been debarred from membership of the United Nations on the grounds of size, though in the 1960s there was some discussion about reviewing the criteria for admission and of the possibility of a form of associate status. When the League of Nations was formed, five small European States applied for membership. Luxembourg was admitted in 1920, but Liechtenstein was rejected because "by reason of her limited area, small population and geographical position, she had chosen to depute to others some of the attributes of Sovereignty". Monaco withdrew its application, San Marino failed to respond to the Secretary-General's request for further information, and no action was taken regarding Iceland. See Mark Bray "Small Countries in International Development", Journal of Development Studies, January 1987.

3. For a discussion of this issue see, For instance, Mark Bray, op.cit; K.S. Julien, "The Problems of Small States", The Round Table, January 1992, and Jeffrey S. Schahczenski, "Development Administration in the small developing state: a review", Public Administration and Development, January-March 1990.

4. The 179 States are those listed in the 1992 United Nations Handbook as "represented in the General Assembly" at that date.

5. UNCTAD, The Least Developed Countries 1992 Report, New York, 1993. Kiribati and Tuvalu, both with populations of well below one million, are also included as "Least developed ", though neither apparently is a member of the United Nations.

6. For a description of the calculation of the index, see UNDP, Human Development Report 1992, technical notes.

7. The Marshall Islands is not included in the UNDP report.

8. Ronald V.A. Sprout and James H. Weaver, "International Distribution of Income: 1960-1987", Kyklos 1992.

9. See, for instance, William G. Demas, "The Post-Independence Caribbean: Development and Survival", Caribbean Affairs, July-September 1992.

10. Lloyd Searwar, Intrinsic Disabilities of Island Developing Countries, UNCTAD/RDP//LDC/31, 11 May 1990.

11. UNCTAD, Problems of Island Developing Countries and Proposals for Concrete Action, TD/B/AC.46/2, 25 April 1990.

12. For a dissenting view, see Rawle Farley: "The size of the market is not the limiting constraint to the expansion and differentiation of economic activity as is so stubbornly acclaimed and complacently taught in development economies courses. It is the size of the mind which is the development-inhibiting constraint. The market does not end at political boundaries. The market has nothing to do with physical geographical size. Today the world is the market, always standing there as the continuing challenge to the competitive entrepreneurial ingenuities of any group of people, any company, any nation, anywhere, which can master the art of outbidding, outselling, outsmarting the next competitor". "Entrepreneurship and Economic Power - the Non-Relevance of Market size", Caribbean Affairs, April-June 1992.

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13. David L. Mckee and Clem Tisdell Developmental Issues in Small Island Economies, Praeger, New York, 1990.

14. See, Randall Baker, "Foreign Assistance and Development in a Small-Island Economy: The Case of Fiji", Public Administration and Develoment, October-December 1990.

15. It has been suggested that: "Vulnerability seems to dominate the consciousness of many analysts of small countries". Mark Bra, OP.cit., page 297.

16. This is such an article of faith in multilateral financial institutions that is it sometimes held that the smallness of a country is a positive factor, one IMF Staff member, for instance, writing. "...Small size may induce a country toward stronger export orientation and hence greater openness, with all the benefits associated with these "Barend A. de Vries, "Industrial policy in small developing countries", Finance and Development, June 1984.

17. World Bank, "An Overview of World Bank Activities in Sub-Saharan Africa, 1986-91". The sole exception was Swaziland (6.8 percent).

18. In many island developing countries, remittances are the largest single source of foreign exchange, greater than exports or aid. UNCTAD, TD/B/AC.46/2, op.cit., page 10

19. William Demas, op.cit., page 3

20. One writer has suggested that small countries need individually tailored export promotion strategies. Delisle Worrell, Economic Policies in Small Open Economies: Prospects for the Caribbean, Commonwealth Economic Papers No. 23, 1992

21. Frank T. Joshua, "Experience of African Regional Economic Integration, UNCTAD Review. Vol. 1, No. 2, 1989

22. In 1976, for instance, the General Assembly called attention to the special needs and problems of IDCs in its resolution 31/156 of 21 December 1976, repeated in resolutions 32/185 of 19 December 1977, 34/205 of 19 December 1979, 35/61 of 5 December 1980 and 37/206 of 20 December 1982. The concern of the General Assembly of the United Nations was reflected in the resolutions 98(IV) of 31 May 1976, 195/III(V) of 3 June 1979, 196 and 138(VI) of 2 July 1983, 197 of the Conference on Trade and Development. General Assembly resolution 39/212 of December 1984 noted that "the specific measures envisaged in the relevant resolutions of the United Nations and the United Nations Conference on Trade and Development have not yet been fully implemented" and it called on states and international organizations to respond positively in this regard. More specifically, it requested the competent organizations of the United Nations system, in particular UNCTAD, United Nations Industrial and Development Fund (UNCDF), "to take adequate measures in order to respond positively to the particular needs of TDCs".

23. Official Records of the General Assembly, thirty-ninth session, Supplement No. 51 (A/39/51), pp. 161-162.

24. A report of the meeting is given in UNCTAD, TD/B/AC.46/4 of 8 August 1990.

25. See the bibliography for some of the more recent of these studies and documents.

26. The 1992 Report is the ninth in the series.

27. Fifth programming cycle, paragraph 17.

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28. Ibid., paragraph 21

29. For a report of the most recent such meeting see, "Report of the Expert Group meeting on Regional and Subregional Economic Integration and Cooperation Among Developing Countries", UNCTAD/ECDC/229, 6 August 1992.

30. General Assembly resolution 47/189

31. The fifteen territories in the table are the Non-Self-Governing Territories included in the tables of indicative planning figures for the fifth programming cycle. Data are from different sources and may not be strictly comparable.

32. See, for instance, Human resource development through technical cooperation (JIU/REP/84/10), and Evaluation of United Nations technical project evaluation systems - Parts I and II (JIU/REP/88/6).

33. Distribution and Dissemination of Documents and Publications of the United Nations Educational, Scientific and Cultural Organization (UNESCO), particularly in the Developing Countries, (JIU/REP/90/1).

34. Ibid, paragraph 42.

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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit to the General Assembly the comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs" (see A/49/424).

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ANNEX

Comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "A review of the specific development needs of small Member States and the responsiveness of the United Nations development system to these needs" (JIU/REP/93/4)

I. GENERAL COMMENTS

1. The subject under examination in the report of the Joint Inspection Unit (JIU) is the development needs of small Member States. The Inspectors considered briefly the concept of "small States" and present some basic data on these countries, indicating the range and diversity of their levels of economic and social development, and then examined the specific development needs of small economies. On the basis of this assessment and a review of the responsiveness of the United Nations development system to those needs, the authors made a number of recommendations aimed at enhancing the effectiveness of the United Nations system's assistance to small countries.

2. The Administrative Committee on Coordination (ACC) found the topic of the report of particular interest at a time when problems of the development of small developing countries were the subject of continuing and close attention by the agencies and organizations of the United Nations system. As correctly mentioned by the report, one of the major activities of the system in this area was the convening at Bridgetown from 25 April to 6 May 1994 of the Global Conference on Sustainable Development of Small Island Developing States and the adoption of a programme of action which provides a framework for more coherent action by the United Nations system in addressing the specific challenges faced by these countries.

3. In general, the ACC members found the report well-conceived, comprehensive and balanced. They supported in principle the conclusions and recommendations, which were generally constructive and fair, and considered appropriate the steps proposed in the document. They also agreed with the Inspectors that a lot could and should be done to improve the action of the United Nations system to be part of the solution.

4. However, in some instances the report was found to contain a number of shortcomings which, to some extent, diminished the value of the study.

5. First of all, in the view of most ACC members, the report was not convincing in its arguments that the United Nations system, and the United Nations Development Programme (UNDP) in particular, needed yet another criterion for special attention and allocation of assistance to small Member States, in so far as there were already least developed, land-locked, small island States, the World Bank's low-income group and other categories of countries, the criteria of which were better justified for special attention than "small States". Therefore, there was a risk that further classification of developing countries on the basis of particular characteristics for aid purposes might dilute the

importance and attention that might be given to groups of countries already recognized by the international community as deserving special treatment.

6. ACC members mentioned some contradictory provisions and conclusions made by the Inspectors concerning the idea of considering a category of "small Member States" and the necessity for the United Nations system to rethink the allocation of assistance to those countries. Those contradictions could be seen starting from the very first conclusion that greater weight needed to be given to "smallness" in the allocation of development assistance, whereas in some other parts of the report the authors recognized that the small Member States were quite well served by the present system of allocating United Nations development assistance. In that regard, ACC members accepted the conclusion of the Inspectors that there was no need to establish formally a distinct and special category of "small States" and that the responsiveness of the United Nations system to the development needs of smaller Member States should therefore continue to reflect the general characteristics of each agency's programmes of technical cooperation with member countries.

7. ACC members agreed with the conclusions of the authors of the study that: (a) the small size of a country did not in itself constitute a meaningful category in the context of economic development; (b) the small countries were too diverse in terms of per capita income, levels of economic and social development and economic performance to constitute a coherent economic grouping; and (c) a substantial number of them, especially the smallest ones, belonged to the least developed and/or small island developing categories, both of which received considerable attention within the United Nations development system. On the other hand, some agencies suggested that if the irrelevance of country size for economic performance was the central point of the document, that should be emphasized and made the cornerstone of the whole argument. In that regard, countries like Denmark and Territories like Hong Kong must be included in the data. They also believed that the study should use the comparison between economic performance of large and small countries to substantiate the claim of the irrelevance of country size. Otherwise, by presenting only comparisons between small States, the document lost a good opportunity to help policy makers in small countries to focus on the relevant issues.

8. A number of ACC members felt that, while the report gave a good overview of the special characteristics of small States and highlighted most of their important development needs, insufficient attention seemed to have been paid to the development of new lines of exports, in view of the limited resource endowments of the States. Others mentioned the lack of attention in the report to such important issues as the adaptation and improvement of technologies available in industrial countries; the question of aid coordination; the provision of health services to small mountainous and island States; the importance of telecommunications in development and in reducing the sense of remoteness, as well as providing early warning to small island developing countries prone to hostile climatological conditions; education problems; transportation problems, including the difficulty for most small States to meet the high technical demands of modern civil aviation and the importance of air transport for the economic and social development of small island and other isolated States; and sea transportation, which was of extreme importance not only to small island countries, but also to small coastal countries and, via

regional agreements, even to land-locked States, in so far as around 90 per cent of the world trade was transported by sea, etc.

9. Some organizations expressed the view that a focus on small island developing countries, rather than on small States, might have proved to be more interesting for the research. In that regard, they raised the question of how such a study could have been carried out without consultations with the Economic Commission for Latin America and the Caribbean (ECLAC), which, along with the Economic and Social Commission for Asia and the Pacific (ESCAP), was a United Nations body with special responsibility for development problems of small and very small island developing States. It was also noted that the General Assembly had designated the United Nations Conference on Trade and Development (UNCTAD) as the focal point for specific action at the global level in favour of island developing countries and in the past two decades it had made a major contribution in analysing the problems and formulating measures to help alleviate those problems at the national, regional and global levels.

10. Several ACC members regretted that their activities and positive experience in the area under consideration had not been reflected in the study. In particular, the report ignored the efforts of the Economic Commission for Europe (ECE) to respond to the needs of its 24 small countries out of 53 member States, and did not take into account the specific development needs of small European countries in transition.

II. COMMENTS ON RECOMMENDATIONS

Recommendation 1

> "The legislative bodies of the United Nations system's organizations should give greater weight to 'smallness' in the allocation of development assistance, whenever this factor accentuates the difficulties of economic and social development, most notably in terms of diseconomies of scale and vulnerability to external influences.
>
> "The United Nations development system should show greater flexibility in response to the specific needs of individual small States and more willingness to prioritize areas of greatest immediate need."

11. The majority of ACC members commented that the proposal of the Inspectors calling for a special treatment of countries on the basis of their "smallness" was not supported by agencies. They made no distinction between small States and other developing countries in the provision of technical assistance and provided no special programmes to address development issues of small States. However, they accorded highest priority to their technical cooperation with the weakest nations, most of which were small States belonging to the group of the least-developed countries.

12. Some ACC members noted that they had long been aware of the particular conditions of vulnerability of small countries. In that regard, they mentioned the 15 countries in the Pacific region assisted by UNDP and other organizations of the system, 14 of which were small States with a population of less than

1 million. Nine of them were not States Members of the United Nations, and their assistance needs had not been treated by the Inspectors. Therefore, it would be desirable that the scope and coverage of the study be expanded to include even smaller countries whose financial resources were meagre and whose plight was even more vulnerable and fragile.

13. Some ACC members pointed out that small countries tended to have more specialized economies, i.e., they imported and exported more than large States in relation to the size of their economy. However, in the view of several other ACC members, the "smallness" was not useful as an analytical concept in understanding development. It might be more relevant if the objective were autarchic development, but that was no longer considered a realistic option, even for medium-sized countries. Diseconomies of scale and scope which used to be a barrier to development, were no longer considered as such with technical progress and an increasingly integrated world, which was vividly reflected in the section of the report relating to dissemination of information (paras. 88-90). Nevertheless, while disagreeing with the proposal that even more weight should be given to "smallness" in the allocation of development assistance, ACC members strongly supported the second part of recommendation 1, namely that there was a need for greater flexibility on the part of donor agencies in response to the specific needs of individual small countries.

14. Finally, one ACC member noted that the observation to the effect that "small Member States are quite well served by the present system of allocating United Nations development assistance, receiving comparatively high allocation on a per capita basis" (see para. 51 of the report), made the recommendation redundant.

Recommendation 2

> "United Nations agencies should give priority to assisting small States to improve their capacity to monitor and assess key aspects of environmental issues, especially where these interact with economic development policies. Assistance should be given within a framework of better coordinated environmental programmes, with emphasis on regional approaches where feasible (see recommendation 3)."

15. The members of ACC were in full agreement with the conclusions of the Inspectors that there was an urgent need for increasing general awareness of the harmful consequences of environmental degradation on the part of both the general public and the political leaders of small Member States. The limited nature of territorial resources, which characterized most of those countries, implied greater vulnerability of their environmental resources. They noted that the problems of waste management, the conservation of biological diversity, transboundary air pollution, fresh water resources and the adverse effects of climate change were particularly vexing in small island States, and that those problems had been the subject of thorough consideration by the Global Conference on Sustainable Development of Small Island Developing States. ACC members also agreed that emphasis should be placed, where feasible, upon regional approaches in dealing with the environmental problems of small countries and endorsed the proposal that assistance should be given within the framework of better coordinated programmes. In that regard they mentioned the creation of a

subsidiary mechanism within ACC, the Inter-Agency Committee for Sustainable Development, which had a direct mandate to improve the coordination of the environmental and sustainable development programmes within the United Nations system.

16. However, some ACC members noted with surprise that recommendation 2 was limited to giving priority to the improvement of the capacity of small States in monitoring and assessing key aspects of environmental issues. They believed that endogenous capacity building was necessary not only for monitoring and assessing environmental problems but also for taking action in the various fields related to environmental management and sustainable development of small countries.

Recommendation 3

> "United Nations agencies should encourage small States to adopt regional approaches wherever these offer possibilities of exploiting scale economies and strengthening their position in the international economy. Assistance in this field should be carefully evaluated to ensure that inputs are justified in terms of outputs. Priority should be accorded to human resource development, environmental activities, reducing the administrative constraints imposed by small size, and to areas where there is a clear commitment on the part of the respective Governments."

17. ACC members supported the call for a regional approach by the organizations and agencies of the United Nations system to the needs of small States. They underlined that their long-time activities in small countries already included some forms of cooperation, in particular, in the areas of environmental protection; resource exploitation; the mobilization of technical and financial resources; the protection of exclusive economic zones; and the development and sharing of human resources, foreign trade, etc., i.e., those kinds of activities that strengthened the positions of small States in the international economy.

18. In the view of ACC members, the report quite rightly emphasized the priority need to improve the human resources of small Member States and their institutional capabilities, because in the case of the success of such an effort, these countries would have the internal strength to understand that only through a creative and intelligent integration into the world economy would they have the opportunity to improve their own economic performance and the welfare of their population. Some ACC members believed that, in that regard, the report should have included references to such national economies as Hong Kong, Singapore, Bahamas and others, which had proved that being small and deprived of natural resources did not mean hopelessness.

19. In connection with recommendation 3, some ACC members warned that it would be important to distinguish between regional cooperation and regional integration. It was particularly in the latter area that success had in many instances been elusive, and the reasons for that had been widely examined. Although the changed international environment might improve prospects in that regard, ACC members believed that a less ambitious approach focusing on cooperation rather than formal integration might be more conducive to success.

Recommendation 4

"United Nations agencies should assist in creating and strengthening economic and social research institutes in small countries, with a view to enhancing the national capacity to carry out research on issues of immediate relevance to the country in question, to strengthening smaller States' positions in international negotiations and vis-à-vis donor agencies, and acting as a point of attraction for well-qualified nationals working abroad.

"United Nations agencies should, as a first step, carry out pilot studies in a few countries, in different regions of the world, to ascertain the most cost-effective method of providing assistance in this field."

20. ACC could not give its full support to the recommendation, which proposed the creation and strengthening of national economic and social research institutes that, in the view of the authors, could assist small States in international negotiations. ACC members believed that the establishment of national research institutes faced a number of drawbacks. It was widely recognized that the public sector in small countries faced diseconomies of scale compounded by acute shortages of qualified and trained personnel. Therefore, it would be difficult for a small country to divert scarce financial and human resources to an area that might not be considered of priority importance.

21. The report appeared to rely on the hope that nationals educated overseas might be persuaded to return to their country of origin in order to staff the research institutes once they had been established. Actually, even if the personnel constraints could be overcome, some practical problems would remain. Research institutes were normally somewhat isolated from the mainstream of public or private economic or technological decision-making. Probably, if the recommended research institutes were to be established, they should have limited responsibilities focused on a country's development plan and/or UNDP country programmes.

22. Some ACC members noted that recommendation 4 did not seem to be in line with recommendation 3, which called for regional approaches to problems of small States. They believed that if scale economies existed anywhere, it was primarily in research, and further proliferation of national research institutes should not be encouraged.

23. In the view of some agencies, the report should also have encouraged the regional approach to research and development. They were not certain that additional pilot studies proposed in the second part of recommendation 4 were necessary given the length and depth of experience acquired by agencies over the past four decades in addressing development issues of small States.

Recommendation 5

"The United Nations system should provide particular assistance when requested by small States, in view of the vulnerability of the State to political and economic destabilization due in part to external interference in their internal affairs and the direct consequences of these factors on

their development. The Secretary-General may deem it necessary to explore specific preventive measures aimed at strengthening, where necessary, the elements of the stability and security of small States in accordance with General Assembly resolution 44/51 and the principles of the Charter of the United Nations."

24. ACC noted that the recommendation was more of a political nature than a socio-economic nature. Nevertheless, it agreed with the view of the Inspectors that, with the small scale of national budgets, there was always a danger that even moderate amounts of external aid might have a disproportionate effect on national priorities, and therefore assistance should be provided only and exclusively when requested by small States, and that the relevant projects and programmes of organizations and agencies of the United Nations system should necessarily respond to the specific needs identified by small countries themselves, individually or jointly by neighbouring small States.

Recommendation 6

"The UNDP and the specialized agencies should invite the Consultative Committee on Programme and Operational Questions (CCPOQ) to examine the possibilities of standardizing area responsibilities in those regions where UNDP and specialized agency representatives are responsible for more than one country."

25. The majority of ACC members concurred with the proposal that CCPOQ should examine the possibilities of standardizing areas of responsibilities, and pointed out that CCPOQ had already started considering the issue. At the same time, some agencies believed that such an undertaking could be a most difficult one and would not likely reach meaningful conclusion. As far as coordination among the programmes of various agencies was concerned, emphasis was currently being placed on programme-by-programme and/or country-by-country coordination under the leadership of the Resident Coordinators. This coordination was being further strengthened for some countries with the initiation of the Country Strategy Note.

26. Some ACC members commented on the question raised in the report concerning the quality of resident representatives in smaller countries. Based on the point that the UNDP Resident Representative usually occupied a particularly important role in the interface between the donors and the smaller States, the report requested the appointment of high-calibre people for such posts. While greater recognition was being given to the particular significance and profile of UNDP, vis-à-vis Governments and other parties concerned in small States, these assignments have traditionally tended to be those for qualified but less experienced resident representatives.

27. Some ACC members expressed the hope that, in implementing recommendation 6, the needs and involvement of the smaller technical agencies would be taken fully into account.

Recommendation 7

"The UNDP and the specialized agencies should accord the Non-Self-Governing Territories which have indicative planning figures the same treatment from the United Nations development system as Member States and make every effort to ensure that they are visited periodically by United Nations development assistance missions."

28. ACC agreed in general with the conclusions of the report that the Non-Self-Governing Territories, being small in terms of population and facing economic development needs similar to those of Member States, deserved the same treatment for development assistance purposes as small Member States. However, some ACC members expressed their reservations concerning this recommendation in so far as it dealt with questions which, as recognized by the Inspectors themselves, were outside the scope of the report and had a more legal than substantive dimension.

Recommendation 8

"The UNDP, in conjunction with UNCTAD and in cooperation with the relevant specialized agencies and the regional economic commissions, should establish pilot studies in a few small States to identify who are the potential users of United Nations generated information relevant to the development needs of small States, the type of information that would be of greatest value to these users, and the most cost-effective method of disseminating this information to these users. In this connection, consideration should be given to the possibilities of utilizing the proposed research institutes (see recommendation 4) as centres for storing and disseminating information in small countries.

"The Governing Council might wish to request the Secretariat to keep the Council informed on the progress of these pilot studies."

Recommendation 9

"The UNDP and the specialized agencies with offices in small countries should examine the possibilities of greater sharing of databases. As a first step, UNDP resident representatives should be asked to report on the current situation in their respective countries or area responsibilities, and on the possibilities of sharing databases. The interest in, and possibilities of, providing access to the databases to key government offices should also be explored in conjunction with recommendation 8."

29. ACC considered these two recommendations as interconnected. It noted that the report was timely and very rightly placed emphasis on the effective dissemination of information and the need for close cooperation between the various agencies in this area. It should apply to most developing countries assisted by the United Nations development system and not only to small Member States. ACC members, however, recognized that most of the smaller States did not have access to the global information, and even where they had such an access they might not have the capacity to absorb the information.

30. It was expected that the United Nations economic and social information system would play a major role in the dissemination of economic and social information. This project, which was currently in a preliminary phase, was expected to improve the ability of smaller countries to digest and take advantage of the information generated by the United Nations and the data available at Headquarters and the regional commissions.

31. ACC members believed that the proposed pilot study was useful, especially for UNCTAD, which did not have its own field offices in developing countries.